February 7, 2005

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Notice of Oral Ex Parte
Federal-State Joint Board on Universal Service, CC Dockets 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170 and NSD File No. L-00-72

Dear Ms. Dortch:

On February 4, 2005, the League of United Latin American Citizens (LULAC), the National Grange of the Order of Patrons of Husbandry (the National Grange), the American Association of People with Disabilities (AAPD) and the Telecommunications Research & Action Center (TRAC) met with the office of Commissioner Martin of the Federal Communications Commission (Commission) to discuss the above-captioned proceedings.

The meeting was held at the Commission's headquarters in Washington, DC. Present at the meeting were Daniel Gonzalez, Senior Legal Advisor for Commissioner Martin and the following members of the *Keep USF Fair Coalition* (www.keepusffair.org): Gabriela D. Lemus, Ph.D., Director of Policy and Legislation (LULAC); Helena R. Berger, Chief Operating Officer (AAPD); Leroy Watson, Legislative Director (National Grange) and Dirck A. Hargraves, Counsel (TRAC). During the meeting, the Coalition expressed its strong opposition to what it understands are proposals that the Commission is considering that would drastically alter how the Commission assesses contributions to the Universal Service Fund (USF).

The Coalition stated that any USF contribution method which imposes charges on consumers without regard to those consumers' usage of interstate telecommunications service is tantamount to a regressive tax and is unduly burdensome on low-volume users, especially those who are also low-income users. The Coalition and the Commissioner's office agreed that the challenge for the Commission is to balance between ensuring that USF remain robust, and that all providers of interstate telecommunication services are assessed in a competitively neutral manner. The Coalition presented its "Fair Share Plan" as the best alternative to resolve this tension. The Coalition explained that under the *Fair Share Plan* USF contributions would continue to be recoverable through a revenue-based collections methodology and would be capped at set contribution factor (the current factor is 10.7%). Any additional funds needed to support USF would be collected through working telephone number-based assessments. Carriers would still be assessed based on revenues up to that cap amount, and would still have the right to charge their end users a USF recovery charge not to exceed that capped amount. The Coalition explained that under the *Fair Share Plan* is most fair to low-income consumers who make few interstate calls as they will still be subject to flat assessments for their wire line and wireless telephone numbers, but the level of those assessments would be measured in cents, not the $1.00 or more anticipated under a pure telephone number-based plan.

In response to the Senior Legal Advisor's query as to whether low-income residential consumers might fair better under a pure numbers plan if they averaged $30 per month and were assessed $1.00 or more, the Coalition made three points. First, under any flat fee plan, low-income consumers who make few interstate calls are denied the *choice* of deciding how to budget their scarce resources as they will be assessed $1.00 or more regardless of the number of calls that they make per month. Second, low-income and low-volume users who make few or no interstate calls would go from paying pennies to at least $1.00 per month. Third, low-income users of pre-paid wireless services are ineligible to receive the Commission's "Lifeline" exemption from USF contributions, and would be charged a flat connection fee regardless of the number of calls they make, as well as being ineligible for the Lifeline exemption. The Coalition concluded by emphasizing that unlike other proposals, its *Fair Share Plan* is most fair, non-discriminatory and competitively neutral for all USF participants.

This Notice is being filed electronically in accordance with Section 1.1206 of the Commission's rules.

Sincerely,

Dirck A. Hargraves

Dirck A. Hargraves, Esq.
Counsel
Telecommunications Research & Action Center